

VZCZCXYZ0000
PP RUEHWEB

DE RUEHBO #7748/01 3031941
ZNR UUUUU ZZH
P 301941Z OCT 07
FM AMEMBASSY BOGOTA
TO RHEHAAA/WHITE HOUSE WASHDC PRIORITY
RUEHRC/DEPT OF AGRICULTURE WASHDC PRIORITY
RUEHC/SECSTATE WASHDC PRIORITY 9813
INFO RUEHBR/AMEMBASSY BRASILIA 7827
RUEHCV/AMEMBASSY CARACAS 9480
RUEHPE/AMEMBASSY LIMA 5564
RUEHZP/AMEMBASSY PANAMA 0764
RUEHQT/AMEMBASSY QUITO 6203

UNCLAS BOGOTA 007748

SIPDIS

SENSITIVE
SIPDIS

USTR FOR MCARILLO; WHA/EPSC FOR JSALAZAR; EEB/TPP FOR
WMUNTEAN

E.O. 12958: N/A
TAGS: [ETRD](#) [ELAB](#) [EAGR](#) [OVIP](#) [PGOV](#) [PREL](#) [CO](#)
SUBJECT: SCENESETTER FOR THE USTR SCHWAB-LED CODEL AND
ACTING SECRETARY OF AGRICULTURE VISIT TO COLOMBIA -
NOVEMBER 2-4, 2007

Summary

¶1. (SBU) Your delegation will visit a Colombia far safer, economically stronger, better governed and more democratic than it has been in decades. Many Colombians say conditions today have improved to a level better than any other time in their lives or those of their parents. During your visit you will have the opportunity to see how broadly the improvements extend--from major urban centers like Medellin to regional hubs such as Popoyan. Murder rates declined 40 percent since ¶2002. Murders of union members dropped even faster--70 percent during the same period. Kidnapping rates plummeted 76 percent. The Government maintains a presence in all municipalities for the first time in memory. Increased security has led to an economic boom, registering 7.5 percent growth in the first half of 2007 after reaching 6.8 percent in 2006. The economic expansion has reduced poverty 20 percent since 2002. Regional elections October 28, the fourth under the Uribe Administration, went smoothly with limited violence and fraud. More than 40,000 combatants, mostly paramilitaries, have laid down their arms. Despite the progress, the Uribe Administration recognizes the need to reduce human rights violations further by beefing up the judiciary, speeding up the judicial process and protecting more at-risk union members, journalists and human rights workers. The delay in U.S. congressional approval of the U.S.-Colombia Trade Promotion Act (CTPA) has raised concern about the commitment of the USG to Colombia. Studies estimate the CTPA will create hundreds of thousands of jobs in Colombia; jobs needed to employ the poorly-educated young men that recently put down their weapons with the promise of reintegration in to legitimate society. End Summary

Positive Economic Outlook

¶2. (U) Significant gains in security have boosted the Colombian economy. GDP growth in 2006 hit 6.8 percent, while 2007 first semester growth reached 7.5 percent. Both exports and imports grew more than 20 percent in 2006. The U.S. remains Colombia's largest trade partner (approximately 40 percent of exports and 26 percent of imports). Colombian

exports to the U.S. have grown USD 1 billion per year since the Andean Trade Preferences Act's (ATPA) renewal and expansion in late 2002, while U.S. exports to Colombia increased approximately USD 2 billion. The largest U.S. investors - Drummond (coal), ChevronTexaco and ExxonMobil - plan considerable expansion due to the improved investment climate and security situation. Investors from around the world continue investing or considering investing in Colombia in large part because of the possibility of unfettered access to the U.S. market provided under the free trade agreement. In 2006, Foreign Direct Investment increased to USD 8.9 billion, quadruple the 2002 level.

¶3. (SBU) The CTPA remains the GOC's highest economic priority. The Colombian Congress ratified the CTPA in June by a substantial margin, and should complete the ratification of the supplementary protocol on labor, environment and intellectual property in early November (only Senate approval remains). The U.S. Congress has extended trade preferences for Colombian exporters under the ATPA through February 2008. The Uribe Administration has redoubled efforts to win U.S. Congressional support for CTPA approval. Visits in 2007 by high-level USG officials, including President Bush, Secretary of Defense Gates, Deputy Secretary Negroponte, DUSTR Veroneau, OPIC CEO Mosbacher, U/S Jeffery, and Commerce Secretary Gutierrez have reassured them of the

SIPDIS

Administration's commitment, but the GOC remains cognizant of the daunting political challenges ahead.

Jobs and Agriculture

¶4. (U) The Colombian agricultural sector provides approximately 12 percent of the GDP, but generates 20 percent

of national employment and about 60 percent of rural employment. While overall growth remains modest with respect to other sectors, the GOC expects the agricultural sector to play a more dynamic role in the future. The agricultural sector has transformed since 2004 as a result of increased security in rural areas and improvements in transportation infrastructure. Furthermore, with negotiations of several free trade agreements, such as the Andean-Mercosur, Chile, Central America, and the United States deals as well as the beginning of talks with Canada and the European Union, free trade has shaped Colombia's agricultural policy over the last two years. Agricultural growth in the foreseeable future will likely come from the production of food commodities and raw materials for biofuels. Palm oil production grew ten percent in 2006 compared to 2005, largely due to increased demand for biodiesel. In 2006, Colombia exported approximately \$1.6 billion of agricultural products to the U.S. mostly concentrated in coffee, cut flowers, and bananas--all hit hard by the weak U.S. dollar. The CTPA, once implemented, will expand Colombia's exportable agricultural base and make market access to the U.S. permanent, which in turn will increase foreign direct investment and employment opportunities.

Medellin - A City Reborn

¶5. (U) Medellin, a city of just over 2 million, has rebounded dramatically over the last five years. While known throughout Colombia for its entrepreneurial know-how, Medellin achieved international infamy for violence and mayhem. In 1991, the nadir of the Pablo Escobar era, Medellin ranked as the most dangerous city in the world with a murder rate of 381 per hundred thousand, eleven times higher than Chicago. Through an aggressive police and military effort to clear out the drug lords and guerrilla elements, proactive governance and an economic rebound driven in part by the unilateral trade preference program with the

U.S., Medellin reemerged as a livable, prospering city. By 2006, the murder rate plummeted 920 percent to 29 per hundred thousand, a tad lower than Baltimore's. Medellin's Mayor Sergio Fajardo has led efforts to reduce crime, increase access to services, and foster economic opportunity. Alonso Salazar, who served in Fajardo's administration, won the October 28 race to succeed Fajardo and should continue with the reforms.

¶6. (U) The success of the textile, apparel and cut flower industries, which employ tens of thousands of people, have buoyed the economy of Medellin and the surrounding area, as well as provided jobs and business to U.S. partners. These industries flourished because of the access provided by ATPA. However, the program's frequent expirations (2001, 2006, 2007 and scheduled February 2008) has limited growth as companies refrain from making necessary capital investment and lose contracts because of the program's uncertainty. In fact, Colombian apparel exports to the U.S. declined in the first half of 2007 due to competition with China and a steep appreciation of the peso. U.S. Congressional approval of the CTPA, therefore, remains a top concern for business and political leaders in the region.

Popoyan - Recovery In Action

¶7. (U) The delegation will travel to Popoyan, located in the fertile southern valley region of Colombia. Narcotics traffickers and insurgents long ransacked Popoyan's surroundings, but since the beginning of the Uribe Administration the area has experienced a significant recovery. Agriculture and tourism, the twin economic pillars of the region, both rebounded. Today, Popoyan has recuperated its position at the heart of Colombia's Catholic history, once again hosting the country's largest Easter Holy Week celebration. As part of the effort to rebuild Popoyan's agricultural base and generate employment, USAID funds projects to assist small farmers in the area. In addition to visiting one of USAID's projects, the trip to Popoyan will

highlight President Uribe's commitment to rebuilding remote areas previously lacking security.

Democratic Security Fosters Successful Elections

¶8. (U) The establishment of greater GOC territorial control and the paramilitary demobilization allowed civil society and political parties to operate more openly than ever before. In May 2006, the leftist Polo Democratico candidate for president received over 2.5 million votes, the highest level ever for a leftist candidate. Colombia's October 28 local elections occurred without significant violence or problems, according to the OAS, Embassy observers, and local press. The GOC deployed 167,000 police and military to voting sites, and electoral officials appeared well-organized overall. The GOC and local officials quickly deployed security and investigative officials to the few areas where allegations of fraud--or localized violence--occurred. Elections centered on local issues and alliances, and results did not represent a referendum on President Uribe or other national politicians--though the Uribe coalition fared well. Samuel Moreno of the Polo Democratico Party won the key Bogota mayoral race. Observers told us candidates and parties associated with the para-political scandal fared poorly overall--though a few questionable candidates did win. Fighting between security forces and the Revolutionary Armed Forces of Colombia (FARC) forced the postponement of voting in the small town of Argelia Cauca, though voting proceeded normally in the remainder of the department.

Labor

¶9. (U) Labor violence and impunity remain major concerns in Colombia. In June 2006, the GOC, trade confederations and business representatives signed a Tripartite Accord at the International Labor Organization (ILO) in Geneva, removing Colombia from discussion in the ILO's Committee for the Application of Standards for the first time in 21 years. A resident ILO representative arrived in Colombia in January 2007 to implement the agreement committing the government to financing the ILO Special Technical Cooperation program and allocating USD 1.5 million annually to the Fiscalía to prosecute cases of violence against trade unionists. The GOC has assigned nearly 100 prosecutors and investigators to this task. Labor leaders and the UNHCHR's local representative praise the initiative.

¶10. (U) Although trade unionists continue to fall victim to violence for both political reasons and common crime, the GOC remains determined to protect labor leaders. In 2006, the GOC's Protection Program assisted over 1,500 trade unionists and 10,000 human rights activists, journalists, politicians, witnesses and other individuals under threat. As a result, the murder rate for trade unionists has dipped below that for the general population. The GOC expects to spend some \$34 million on protection in 2007. Attorney General Mario Iguaran reaffirmed to Ambassador Veroneau in August that his office is committed to prosecuting cases of violence against labor. Under his leadership the Attorney General's office focused resources for the human rights office's sub-unit concentrating on prosecuting 352 priority labor violence cases. In those cases, the GOC has already scored 12 convictions.

U.S. Assistance

¶11. (SBU) In January, the GOC presented a Plan Colombia "consolidation strategy" pledging a Colombian investment of \$78 billion between 2007 and 2013. The proposal contains a heightened emphasis on social development, assigning new resources to consolidate governance, human rights, displaced people, and Afro-Colombian and indigenous communities. It also aims to reintegrate 42,000 demobilized ex-combatants and deserters and to promote Colombia's competitiveness and licit

exports. The GOC seeks funding from the United States and European countries, but also brings substantial resources of its own to the table. USG security assistance combats drug trafficking and terrorism and includes training, material aid, and technical assistance to security forces and other institutions. It also provides support for GOC aviation, essential for all programs--civilian or military--outside Colombia's major cities.

¶12. (U) The USAID Mission in Colombia funds \$139 million of programs in four key strategic sectors: alternative development and economic policy reform; justice reform, human rights and strengthening governance; demobilization and reintegration of illegal armed groups; assistance to internally displaced persons (Colombia has between 2 and 3 million displaced persons), Afro-Colombians and other vulnerable populations.

Drug Eradication and Interdiction

¶13. (SBU) Eradication of coca and poppy crops and interdiction of cocaine and heroin reached record levels in 2006, and political support for manual and aerial eradication continues to grow in Colombia. President Uribe understands that manual eradication cannot replace aerial eradication without a sharp increase in expenditures, and he seeks a complementary approach using both methods. The National Police and military forces seized over 203 metric tons of cocaine and coca base in 2006, a near-record quantity, and

destroyed 200 cocaine laboratories, also a record. We continue to work with the GOC to refine our eradication strategy and determine how best to transfer key tasks from the USG to the Colombian government.

Military Justice and Improved Human Rights Record

¶14. (SBU) The Uribe Administration continues to make progress on human rights cases involving military abuse or collaboration with paramilitaries. All members of the military and police receive mandatory human rights training. Minister of Defense (MOD) Santos identified military justice reform as a top priority; in October, he named the first civilian – and the first woman – as director of the Military Criminal Justice System. The UN Human Rights Commission and private human rights groups all play active roles here. Progress on certain high profile human rights cases against the public security forces has gone agonizingly slow and injured the GOCs reputation in the international community.

Extradition

¶15. (SBU) President Uribe remains a strong supporter of the U.S.-Colombia extradition relationship. Since taking office, he has approved over 550 extraditions to the United States, including almost 100 cases so far in 2007.

Demobilization and Peace Process

¶16. (SBU) Over 32,000 former paramilitaries have demobilized since 2002, and a further 11,000 deserted from all illegal armed groups (about one-half from the FARC). FARC desertions increased significantly in 2007, and this has resulted in the largest such reintegration program ever attempted and operates while the GOC continues to battle the FARC and the Army of National Liberation (ELN). A small percentage of renegade former-AUC members have joined new criminal groups. Job creation remains a priority, but many of the recently demobilized have few employable skills and need intense psycho-social and vocational training before they can enter the labor force. The GOC's reintegration program has significantly increased the number of former combatants now employed or in training. The GOC has identified increased

investment in small and medium enterprise development as a priority for promoting job creation for demobilized ex-combatants.

¶17. (SBU) The ELN has negotiated with the GOC for well over a year, so far without success and prospects remain doubtful. Although the ELN retains hostages, their military capability continues to decline. The FARC has refused to engage in any meaningful peace talks, and recently killed eleven state legislators they had held hostage. At the end of August, Venezuelan President Hugo Chavez visited Colombia to offer his assistance in facilitating peace talks between the GOC and the FARC and ELN.

U.S. Hostages

¶18. (SBU) The three U.S. contractors captured by the FARC in February 2003 remain the longest held U.S. hostages in the world. Their safe release continues as our top priority. The Colombians provide full assistance, and President Uribe has assured us that any humanitarian exchange will include the U.S. hostages.
Brownfield